



**TESTIMONY OF DOUG LUCIANI, CEO OF TraverseCONNECT
TO MICHIGAN SENATE ENERGY & TECHNOLOGY COMMITTEE – April 28, 2016**

Good afternoon Chairman Nofs and members of the Senate Energy and Technology Committee. Thank you for allowing me to appear before you again to support provisions in Senate Bills 437 and 438 specifically, and the direction it takes a “Michigan First” energy policy generally.

I am Doug Luciani, CEO of TraverseCONNECT, the parent organization of three subsidiaries including the Traverse City Area Chamber of Commerce, Venture North Funding & Development, our economic development organization, and a for-profit development division called TCONN.

I have some familiarity with energy issues, having led extensive energy research and policy initiatives in 2008 for the Traverse City business community and in 2011 for the Northern Michigan Chamber Alliance. I am a member of the national Board of Advisors for Chambers for Innovation & Clean Energy, and am an active member of the Michigan Energy Innovation Business Council based in Lansing. TraverseCONNECT is also working collaboratively with the Cleveland Area Chamber of Commerce, the Kansas City Chamber of Commerce, and the Chapel Hill Area Chamber of Commerce on a “Green Lease” initiative funded by the U.S. Department of Energy.

It was an honor to testify before this Committee in October to share my organization’s thoughts regarding earlier versions of these bills, particularly in support of those components regarding ROA, or “choice.” I would add in this testimony our support for development of technologies that make renewable energy sources more affordable and more accessible in Michigan, especially those that are created and built here.

My testimony in October hinged on the importance of Michigan’s small businesses. I cited statistics that drove home the point that energy policy that provides for affordable and reliable energy for the small – but mighty – business owners in our state should not be underestimated in its overall impact on the state’s economy.

In fact, the vast majority of Michigan’s workers are employed by companies with fewer than 100 employees – less than 10 even. In the aggregate, Michigan’s small businesses are the bedrock of the state’s economy. Individually, however, they do not have the resources to hire teams of energy analysts, build their own CHP facilities, or have full-time representation in Lansing. Similarly, we fear they would be insignificant to those plying their energy wares in Michigan, who would be focused on the largest energy users, hence removing those users from the payer mix and inflating energy costs to small businesses left to pay for the large investment in infrastructure that has been made already in Michigan.

Reliability is the greatest concern for our region's industrial power users. "Reliability" for a provider means one thing when one's customer is Dow, Ford, GM, or other Fortune 500 companies. If a provider happens to drop Jade Tool & Die, with its 13 employees on Duell Road in Grand Traverse County, nobody will even know – except the owners and employees of that company that put a major customer's business at risk by missing their just-in-time production schedule. That is why we cheer for the Michigan-based utilities, be they investor-owned, cooperatives, municipals, renewable providers, or otherwise.

Michigan-based utilities and renewable energy providers have invested in static infrastructure and have their own inventory, employees, and equipment within minutes of their customers. They are part and parcel of the communities they serve. With a significant transition for our state's generating fleet on the horizon, Michigan needs to ensure that all energy providers continue to make investment in local infrastructure. We fear that without these investments the service and reliability our businesses have come to expect will be compromised.

Under an energy policy that does not spur investment in the market, the remnants of Michigan's energy grid and the reliability our state currently enjoy will be not be pretty. As with roads, we fear we will find ourselves as a state desperate to find solutions as quickly as possible to repair that vital infrastructure and, as with roads, finding no easy or affordable answers.

I would close by restating the last part of my testimony from last fall: "the system we have, while not perfect, has worked well for most of Michigan's businesses and energy users. Please address it with a mindset to fine tune rather than overhaul it."

Thank you for your strong leadership on this important issue.